

Washington, DC -- Following Bernard Madoff's guilty plea for the largest investment scandal in U.S. history, U.S. Representatives Michael A. Arcuri (NY-24) and Daniel Maffei (NY-25) sent a letter to the chairman of the House Budget Committee today supporting President Obama's funding overhaul of the U.S. Securities and Exchange Commission (SEC) to help prevent future cases of investment fraud.

"The events of the past 12 months glaringly showcase the need for an overhaul of our financial regulatory structure," **wrote Arcuri and Maffei in their letter to the House Budget Committee**. "As Members representing Central New York State, we have unfortunate first-hand knowledge of the consequences of a poorly run and inadequately funded government watchdog. Nearly 10 labor unions have contacted our offices since the beginning of 2009 as victims of Bernard Madoff's Ponzi Scheme, seeking federal assistance in recouping hundreds of millions of dollars in lost retirement funds. We believe that President Obama's rationale in providing the SEC with a 13% increase in funding is appropriate and justified."

Arcuri and Maffei sent a letter today to U.S. Rep. John Spratt (D-SC), chairman of the House Committee on the Budget, and U.S. Rep. Paul Ryan (D-WI), Ranking Member on the Committee, supporting the President's suggested 13% increase in the U.S. Securities and Exchange Commission (SEC) fiscal year 2010 budget to prevent investment schemes such as those conducted by Bernard L. Madoff Investment Securities. In January, several local labor unions and businesses in Central New York discovered that employee pension plans were seriously jeopardized by fraudulent investments made with Bernard L. Madoff Investment Securities.

"The facts are clear that the SEC needs more people in order to perform the huge duty it is tasked with, offer proper training to its employees, and upgrade its technology and resources to meet the demands of today's economy," **Arcuri and Maffei continued in their letter**.

During an investigative hearing of the House Financial Services Committee Subcommittee on Capital Markets last month, both Arcuri and Maffei questioned federal and private securities regulators about their unsatisfactory role in detecting and preventing the Madoff scheme.

The text of the letter Arcuri and Maffei sent to Budget Committee Chairman Spratt and Ranking Member Ryan is included below.

March 12, 2009

The Honorable John Spratt   The Honorable Paul Ryan  
Chairman   Ranking Member  
Committee on the Budget   Committee on the Budget  
U.S. House of Representatives   U.S. House of Representatives  
207 Cannon House Office Building   207 Cannon House Office Building  
Washington, DC 20515   Washington, DC 20515

Dear Chairman Spratt and Ranking Member Ryan,

As you begin work on the Fiscal Year (FY) 2010 Budget Resolution, we respectfully request that you adopt President Obama's suggested funding increase for the Securities and Exchange Commission (SEC) of 13% over last year's levels.

The events of the past 12 months glaringly showcase the need for an overhaul of our financial regulatory structure. As Members representing Central New York State, we have unfortunate first-hand knowledge of the consequences of a poorly run and inadequately funded government watchdog. Nearly 10 labor unions have contacted our offices since the beginning of 2009 as victims of Bernard Madoff's Ponzi Scheme, seeking federal assistance in recouping hundreds of millions of dollars in lost retirement funds. We believe that President Obama's rationale in providing the SEC with a 13% increase in funding is appropriate and justified, as he argues the following in his budget outline:

"Robust markets depend on clear rules of the road enforced by strong, impartial regulators. This past year, the consequences of poor market oversight became abundantly clear. The Budget, therefore, will increase resources for the Securities and Exchange Commission (SEC) by over 13 percent...relative to 2008 levels. In 2010, the SEC will build its staff and technology resources and pursue a risk-based, efficient regulatory structure that will better detect fraud and strengthen markets."

This funding proposal is in line with the agency's evolving needs and the emergent threats which this nation continues to meet in the financial services sector. The SEC's own self-evaluation demonstrates how far this additional support would go towards helping the agency do its job of protecting American investors and our nation's values. In its FY2009 Congressional Justification, the SEC stated that it had expected to examine a lower number of registered investment advisers and companies, even as its figures showed a rising trend in investigations pending at the start of each fiscal year since FY2005. The agency specifically predicted a decline in examinations due to a larger field of registered entities it would have to police, an increase in the complexity of cases, and the time required to adequately evaluate compliance programs.

We understand the budgetary constraints facing our nation today, and we are especially mindful of the fact that adequate reform must extend beyond financial support to require organizations to make substantive changes in the way that they do business. In other words, solutions to these problems must go far beyond simply throwing money at a broken agency that does not work. Yet the facts are clear that the SEC needs more people in order to perform the huge duty it is tasked with, offer proper training to its employees, and upgrade its technology and resources to meet the demands of today's economy.

We look forward to working with you to provide our regulatory agencies with the necessary tools to detect and prosecute offenders and reinstate confidence in our marketplace. Thank you for your consideration of this request.

Sincerely,

Michael A. Arcuri

Daniel B. Maffei